GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:806
ANSWERED ON:04.03.2005
URBAN COOPERATIVE BANKS
Singh Shri Sugrib

Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has triggered the Urban Cooperative Banks move to expand their footprint;

(b) if so, the names of UCBs requested for licenses to open fresh branches, bank-wise;

(c) the names of UCBs to whom permission has been granted, bank-wise;

(d) whether the Government is considering to bring cooperative banks under the control of Reserve Bank of India;

(e) if so, the details thereof and the time by which final decision is likely to be taken;

(f) whether any survey has t>een undertaken by leading consultants to evaluate the health of UCBs in the country; (g) if so, the finding thereof; and (h) the steps taken by the Government to improve the functioning of such banks in the country ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) As per announcement in RBI`s Annual Policy Statement for the year 2004-05 the Registrar of Cooperative Society of all States and Union Territories and regional office of the RBI were advised that no fresh proposal for organization of new urban cooperative banks or for conversion of cooperative credit society into Urban Cooperative Banks (UCBs) will be considered till a proper legislative frame work is brought about. However, the banks have been allowed to open branches where in-principle approval were given earlier.

(b) and (c): The information is being collected and will be laid on the table of the House.

(d) and (e): The UCBs come under the dual control of respective State Governments and RBI.

(f) and(g): The Government has not engaged any such organization to evaluate the health of UCBs.

(h) With a view to improving the functioning of UCBs in the country the RBI has taken a number of regulatory and supervisory initiatives. As a part of prudential regulation, UCBs have been advised to implement the guidelines regarding Income recognition, assets classification and provisioning norms. For better risk management the UCBs have been advised to fix limits on their exposure to individual borrowers and group borrowers. UCBs have also been given guidelines regarding declaration of dividend, advances against security of real estate avoiding systemic risk, management and control and others.